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### BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268–0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 542 (MC2019-175)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-197

## USPS NOTICE OF AMENDMENT TO PRIORITY MAIL CONTRACT 542, FILED UNDER SEAL

(September 17, 2020)

The Postal Service hereby provides notice that the terms of Priority Mail Contract 542, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Contract 542 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective one business day following the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of Priority Mail

Contract 542. Therefore, the supporting financial documentation and financial

certification initially filed in this docket remain applicable. The Postal Service hereby

incorporates by reference the Application for Non-Public Treatment originally filed in this

docket, for the protection of the customer-identifying information that has been filed

under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

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## ATTACHMENT A TO REQUEST REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 542

# AMENDMENT #2 OF SHIPPING SERVICES CONTRACT BETWEEN THE UNITED STATES POSTAL SERVICE AND

## REGARDING PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and ("Customer") entered into a Shipping Services Contract regarding Priority Mail Service, Contract 542, Docket No. CP2019-197, on July 10, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B, adding new Table A.1, I.F, I.G, including Table C, adding new Section I.L and amending Section IV of the Contract.

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective one (1) business day following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, adding new Table A.1, I.C., I.F, I.G, including Table C, adding new Section I.L and replacing Section IV., as follows.]

#### I. Terms

- B. This Contract applies to Customer's inbound and outbound packages, excluding packages originating from and/or addressed to ZIP codes contained in Table A.1 below ("Contract Packages"), as follows:
  - 1. Priority Mail Flat Rate Envelopes; and
  - 2. Priority Mail Flat Rate Boxes



The ZIP Codes listed in Table A.1 may be modified by the Parties from time to time by written mutual agreement.

C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will

use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Priority Mail Contract Packages, plus Customer's other Priority Mail packages ("Total PM Packages") shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment expressed in Section 1.E.2 and Table B.

- F. From the effective date of this Amendment through September 30, 2020, Customer will pay Tier 3 prices for Contract Packages, pursuant to Table 3. Beginning October 1, 2020, subsequent tier pricing will be determined by the quarterly average of Total PM Packages shipped during the term of this Contract provided that shipping history prior to April 1, 2020 is excluded from the quarterly average calculation. If the quarterly average of Total PM Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices for the subsequent Contract Quarter. Notwithstanding, the Postal Service may provide Customer with access to a higher tier than the tier earned per the calculation in this section and Section I.G below at its sole discretion.
- G. Customized prices for this Contract will be based on a rolling four (4) quarter average. Beginning October 1, 2020 the average will be based on the number of Total PM Packages shipped divided by the number of full quarters achieved with April 1, 2020 through June 30, 2020 being the first full quarter. For example, the quarterly average of Total PM Packages shipped for the period April 1, 2020 through September 30, 2020 divided by two (2) will determine the tier pricing as of October 1, 2020. At the conclusion of the first four (4) full quarters, pricing for subsequent quarters will be calculated by the number of Total PM Packages shipped in the previous four (4) quarters divided by four (4). At the conclusion of each quarter, the Postal Service will calculate the total number of Total PM Packages and the number of applicable quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that quarter. Table C below illustrates the method in determining tier level and corresponding prices.

Table C

Contract Year (CY) 2	Tier Determination	
Quarter 1 (Amendment Effective Date – Sept. 30, 2020)	Tier 3 Pricing	
Quarter 2	Total PM Packages Shipped (CY1 Q4 + CY2 Q1) / 2	
Quarter 3	Total PM Packages Shipped (CY1 Q4 + CY2 Q's 1&2) / 3	
Quarter 4	Total PM Packages Shipped (CY1 Q4 + CY2 Q's 1,2&3) / 4	
Contract Year (CY) 3	Tier Determination	
Quarter 1	Total PM Packages Shipped (CY2 Q's 1,2,3&4) / 4	

Quarter 2	Total PM Packages Shipped (CY2 Q's 2,3&4) + (CY3 Q1) / 4	
Quarter 3	Total PM Packages Shipped (CY2 Q's 3&4) + (CY3 Q's 1&2) / 4	
Quarter 4	Total PM Packages Shipped (CY2 Q4) + (CY3 Q's 1,2&3) / 4	

L. Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. "reselling"). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer's dropshipping activities.

### IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal via email, along with any and all supporting documentation, within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to:

The appeal is forwarded to the Pricing and Classification Service Center (PCSC). The PCSC manager issues the final agency decision. Any decision that is not appealed as prescribed becomes the final agency decision.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITED S	STATES POSTAL SERVICE  Docusigned by:	
Signed by:	Timothy Costello	
Drinted No	9AD5FB40E84B419 me: Timothy R. Costello	
rimieu iva	mie. Timomy R. Costeno	
Title: Vic	ee President Sales	
Date:	9/17/2020	

